

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5774-01
Bill No.: HB 2149
Subject: Professional Registration and Licensing; Contracts and Contractors
Type: #Updated
Date: March 15, 2016
 #Updated to include Department of Insurance, Financial Institutions and Professional Registration response.

Bill Summary: This proposal creates provisions relating to electrical contractor certificates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#General Revenue	(\$188,439)	\$284,253	(\$154,105)
#Total Estimated Net Effect on General Revenue	(\$188,439)	\$284,253	(\$154,105)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Professional Registration Fees Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Income and Expenses net zero.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#Professional Registration Fees Fund	1	1	1
Total Estimated Net Effect on FTE	1	1	1

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	(Unknown, Greater than \$100,000)	(Unknown, Greater than \$100,000)	(Unknown, Greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

#Due to time constraints, **Oversight** prepared the fiscal note for this bill without some of the agency responses, and reflected a “zero” impact to the General Revenue Fund and an “unknown” impact to the Insurance Dedicated Fund for this proposal. Oversight has since received responses from affected agencies and has incorporated their estimates into this fiscal note.

Officials from the **County of St. Louis** assume programming costs to their master permit system to recognize a state license will be required. Costs are undetermined but expected to be substantial. Additional inspection staff would be needed as inspection time increases if contractors are licensed to work in St. Louis County but have not had to strictly comply with the codes in the past. Costs would be incurred if a complaint is filed and several staff members including their attorney would need to travel to administrative hearings to present evidence to support charges filed with the board. Approximately \$75,000 annually for an inspector. If passed, the proposal would remove about \$60,000 annually. Revenue would be lost from license fees as their local license would be made irrelevant. These fees fund the position responsible for licensing and maintaining the bond and insurance. The workload would not decrease because a position is still needed to maintain the state license holders in a data base for permit issuance as well as verification of open permits pursuant to 324.935.1(3).

Oversight assumes this proposal will result in a negative fiscal impact of Unknown, Greater than \$100,000 to local political subdivisions.

#Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume that based on information received from a representative of the group seeking legislation, the division estimates that 2,005 individuals (similar to the Board of Psychology) in the state of Missouri will be required to be licensed. In addition, a 3% growth has been estimated.

#The following board-specific expenses are being calculated to determine the additional appropriation needed by the division to support the board. One FTE, a Processing Technician II, at \$26,652 annually, will be needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations.

#Printing and postage expenses for the first year include printing of rules, applications, letterhead and envelopes, as well as costs associated with mailings associated with initial licensure. Subsequent year's printing and postage is based on a board of similar size:

ASSUMPTION (continued)

2,005	Number of Licensees
<u>\$12.50</u>	<u>Postage and Printing Costs</u>
<u>\$25,063.00</u>	<u>Total FY17 Printing and Postage Expense</u>
\$5,526.00	FY18 and FY19 Printing and Postage

#During the first year of implementation, costs are calculated for the design, program, and implementation of the licensure program for new boards.

18	Hours for design, program, and implementation
<u>\$30.00</u>	<u>Cost per hour</u>
<u>\$540.00</u>	<u>Total Licensure System Costs</u>

#Boards within the division incur division-wide expenses based on specific board licensee averages, in addition to the department and Office of Administration cost allocations plans. The following expenses are based on a board of similar size and will not require additional appropriation for the PR Transfer Core budget; however, these costs will be considered in calculating the anticipated license and renewal fees.

\$4,454.00	Maintenance of Licensing System
\$1,819.00	Division Operating Expenses
\$8,184.00	Division Personal Service Expenses
\$ 859.00	Department Cost Allocation
\$ -	<u>Office of Administration Cost Allocation</u>
<u>\$15,316.00</u>	<u>Total of Additional Expenses</u>

#The projected revenue reflects the fees listed below for an electrical contractor certificate. In addition, a 3% growth rate has been estimated. It is estimated that the collection of initial license fees will begin in FY18 and renewal fees will not be collected until FY19. It is also important to note, that once the fees for the board are established by rule other fees could offset the estimated costs.

Initial License Fees	Fee: \$225.00	Renewal: X	Biennial
Revenue/Fees/Renewal Cycle:	Fee: \$225.00		Annual

#It is assumed that all fees collected would be deposited into General Revenue and that all expenses would be paid out of that fund. It is assumed no revenue will be generated by the Missouri Electrical Contractor Certificate in the first year, therefore, expenses incurred by the board will be paid back to the PR Fees Fund by General Revenue. However, should the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted
 LO:LR:OD

ASSUMPTION (continued)

accordingly.

#This proposed legislation will require the Division of Professional Registration to annually survey political subdivisions and publish a list of political subdivisions that issue electrical contractor licenses whose requirements meet or exceed those of St. Louis County. There is no way to determine the level of effort that will be required to meet the requirements of the proposal; however, if higher than expected survey or publishing cost result from the implementation of this bill, additional FTE and/or expenses up to \$100,000 may be incurred and appropriations would be requested through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
#GENERAL REVENUE FUND			
<u>#Transfer Out</u>			
# To Professional Registration Fees Fund	(\$188,439)	(\$166,872)	(\$167,639)
<u>#Income</u> - Fee Income	<u>\$0</u>	<u>\$451,125</u>	<u>\$13,534</u>
 #ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>(\$188,439)</u>	 <u>\$284,253</u>	 <u>(\$154,105)</u>
 #PROFESSIONAL REGISTRATION FEES FUND			
<u>#Costs</u> - DIFP			
# Salaries	(\$22,210)	(\$26,919)	(\$27,188)
# Fringe Benefits	(\$14,478)	(\$17,446)	(\$17,520)
# Equipment and Expense	(\$36,435)	(\$6,808)	(\$6,840)
# Other Fund Costs	(\$115,316)	(\$115,699)	(\$116,091)
<u>#Total Costs</u> - DIFP	(\$188,439)	(\$166,872)	(\$167,639)
# FTE Change - DIFP	1 FTE	1 FTE	1 FTE
 <u>#Transfer In</u> - from General Revenue Fund	 <u>\$188,439</u>	 <u>\$166,872</u>	 <u>\$167,639</u>
 #ESTIMATED NET EFFECT ON PROFESSIONAL REGISTRATION FEES FUND	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>
 #Estimated Net FTE Change on the Professional Registration Fees Fund	 1 FTE	 1 FTE	 1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> - Reduction of local License Fees	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - Programming and administrative costs associated with permits issued to state licensed contractors	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown, Greater than \$100,000)</u>	<u>(Unknown, Greater than \$100,000)</u>	<u>(Unknown, Greater than \$100,000)</u>

FISCAL IMPACT - Small Business

This proposal may fiscally impact electrical companies.

FISCAL DESCRIPTION

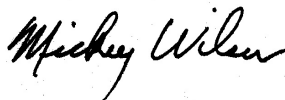
This bill specifies that the Division of Professional Registration within the Missouri Department of Insurance, Financial Institutions and Professional Registration must issue an electrical contractor certificate to a holder of a current and active electrical contractor license issued by any political subdivision of this state whose requirements are equal to or exceed the requirements for obtaining an electrical contractor license on August 28, 2014, in St. Louis County.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

County of St. Louis

#Department of Insurance, Financial Institutions and Professional Registration



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LO:LR:OD

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